

Financial Results for FY2023

May 9, 2024

Oki Electric Industry Co., Ltd.

- Summary of Financial Results for FY2023
- Financial Forecasts for FY2024
- FY2023 Review and FY2024 Outlook

Summary of Financial Results

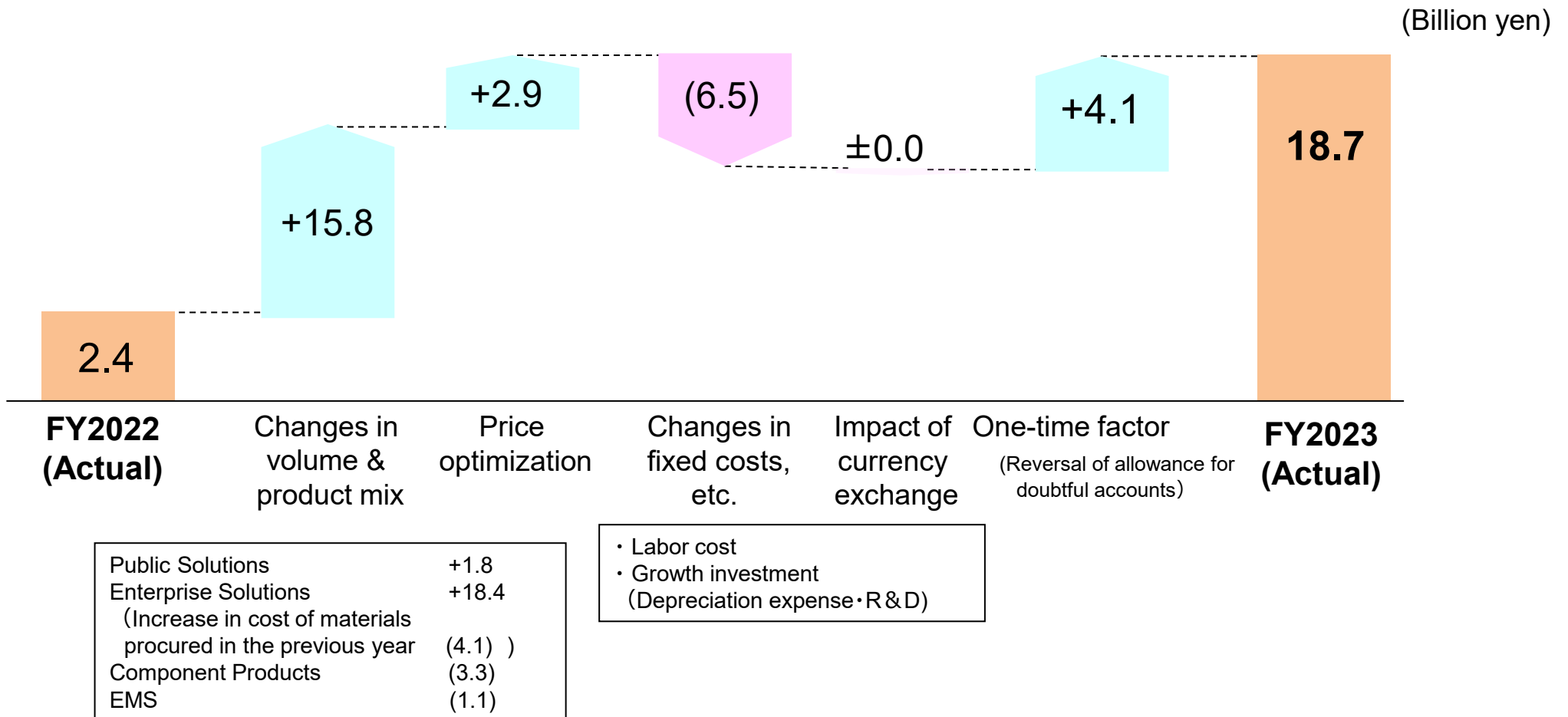
■ Net sales and operating income increased significantly YOY as a result of the recovery from production impacts due to the supply chain and large-scale projects in Enterprise Solutions.

(Billion yen)	FY2023 (Actual)	FY2022 (Actual)	Variance	FY2023 (Forecasts) (As of Feb. 7)	Variance
Net sales	421.9	369.1	+52.8	425.0	(3.1)
Operating income	18.7	2.4	+16.3	17.0	+1.7
Ordinary income	18.3	(0.3)	+18.6	15.5	+2.8
Profit attributable to owners of parent	* 25.6	(2.8)	+28.4	12.0	+13.6
USD average exchange rate (Yen)	144.6	135.5	9.1	143.3	1.3
EUR average exchange rate (Yen)	156.8	141.0	15.8	155.3	1.5

*Profit attributable to owners of parent includes income tax adjustments of ¥11 billion.

Reasons for Changes in Operating Income/Loss

- Operating income rose significantly due to steady increases in the volume of large-scale projects and price pass-through.
- Investments in human resources and growth were steadily implemented.



Segment Information (Net Sales / Operating Income)

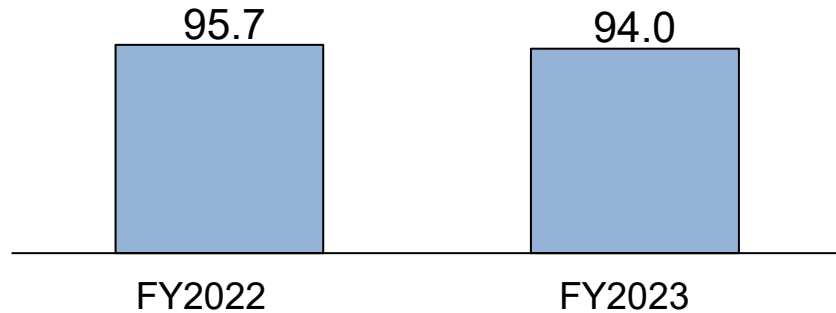
(Billion yen)		FY2023 (Actual)	FY2022 (Actual)	Variance	FY2023 (Forecasts) (As of Feb. 7)	Variance
Public Solutions	Net sales	94.0	95.7	(1.7)	95.0	(1.0)
	Operating income	4.4	3.4	+1.0	3.5	+0.9
Enterprise Solutions	Net sales	180.1	112.9	+67.2	180.0	+0.1
	Operating income	22.0	1.5	+20.5	20.5	+1.5
Component Products	Net sales	73.4	84.6	(11.2)	75.0	(1.6)
	Operating income	0.6	1.6	(1.0)	0.5	+0.1
EMS	Net sales	73.9	75.3	(1.4)	75.0	(1.1)
	Operating income	1.1	2.3	(1.2)	1.5	(0.4)
Others	Net sales	0.4	0.5	(0.1)	-	+0.4
	Operating income	(1.1)	0.4	(1.5)	(1.5)	+0.4
Corporate & Eliminations	Operating income	(8.3)	(6.8)	(1.5)	(7.5)	(0.8)
Total	Net sales	421.9	369.1	+52.8	425.0	(3.1)
	Operating income	18.7	2.4	+16.3	17.0	+1.7

Overview by Segment (Public Solutions / Enterprise Solutions)

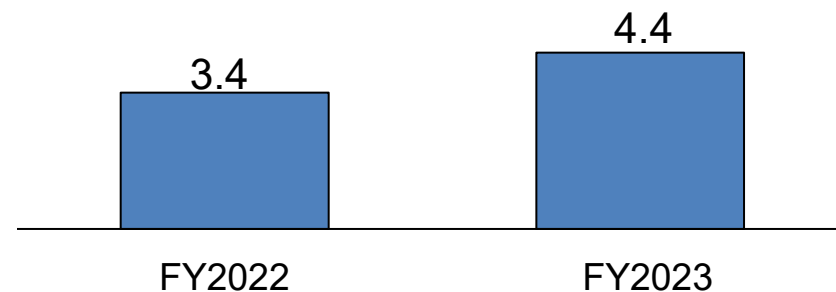
Public Solutions

- The business fields of roads, firefighting, disaster prevention, and TOKKI steadily increased.
- Although there was a decrease in the number of projects for communication carriers, operating income increased in the segment as a whole.

Net sales (Billion yen)



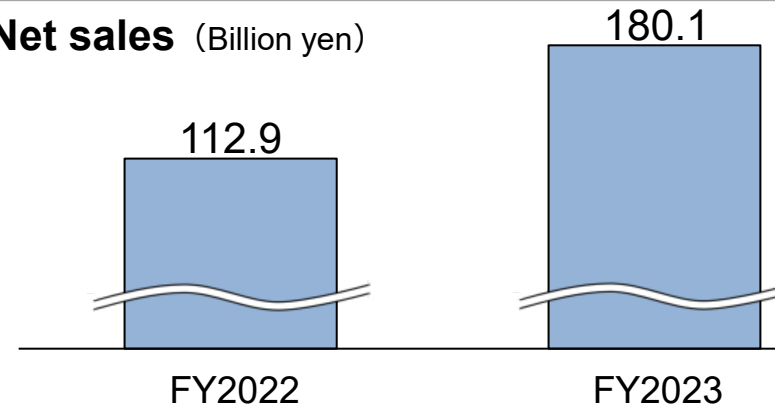
Operating income (Billion yen)



Enterprise Solutions

- Net sales increased significantly due to easing of the supply chain impact and large-scale projects.
- Operating income increased due to higher hardware and software sales, as well as improved earnings from construction and maintenance.

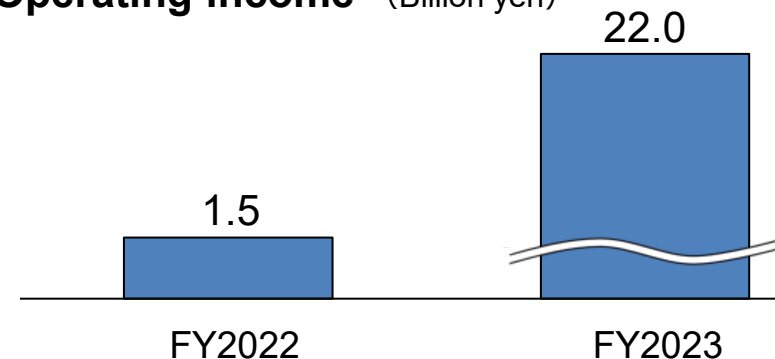
Net sales (Billion yen)



(Reference) Breakdown

	FY2022	FY2023
Hardware/Software	63.7	125.8
Construction & Maintenance	49.2	54.4

Operating income (Billion yen)



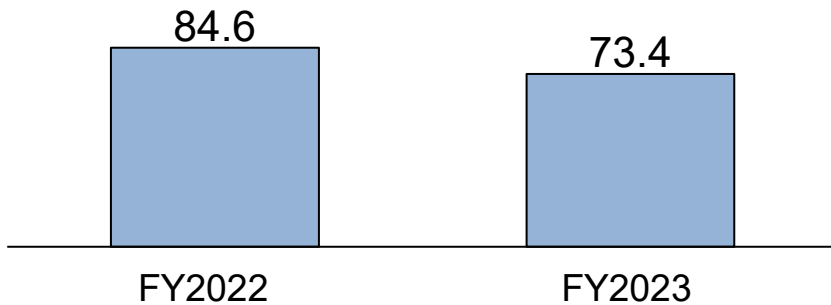
(Reference) Breakdown

	FY2022	FY2023
Hardware/Software	(4.9)	11.2
Construction & Maintenance	6.4	10.8

Component Products

- IoT is positive due to improvement from procurement difficulties due to supply chain impact.
Printer operating income declined due to the impact of a significant decrease in net sales on stagnant overseas demand.

Net sales (Billion yen)



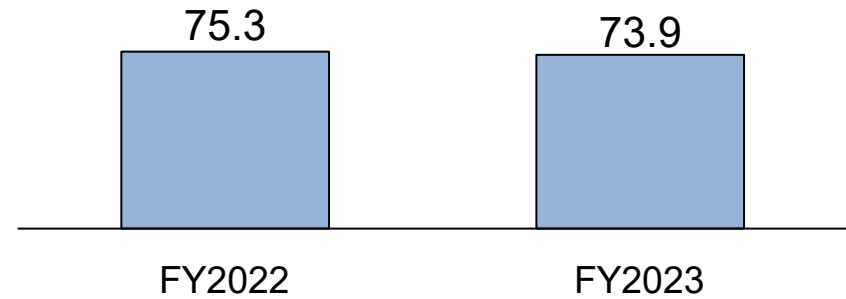
Operating income (Billion yen)



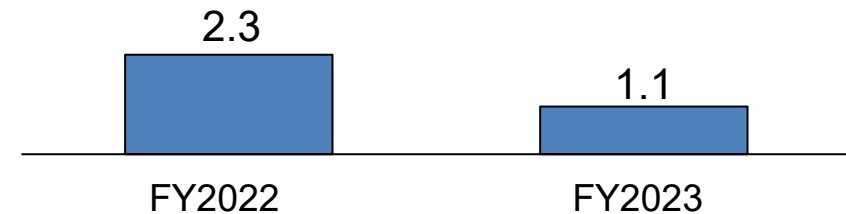
EMS

- Net sales and operating income declined due to the impact of lower demand in the semiconductor market and the FA and robot markets due to the slowdown in the Chinese economy.

Net sales (Billion yen)



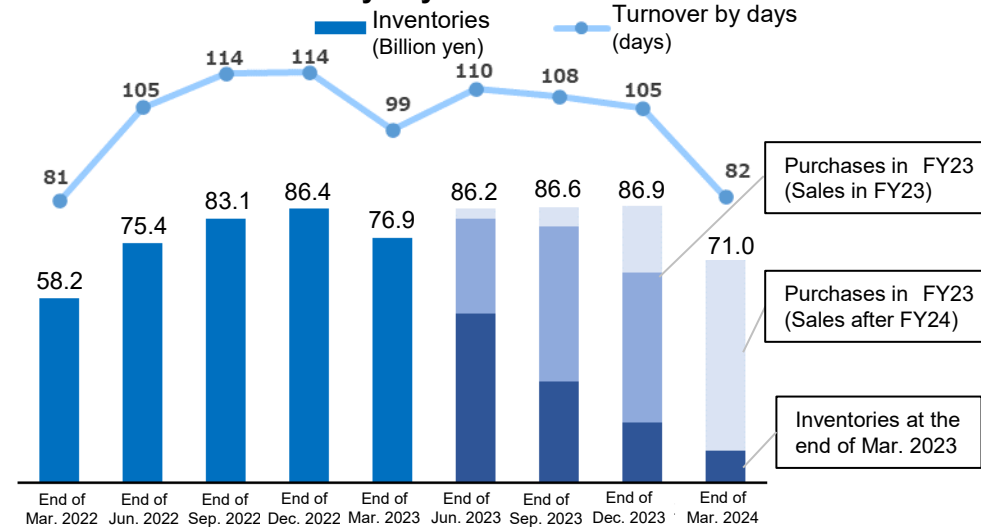
Operating income (Billion yen)



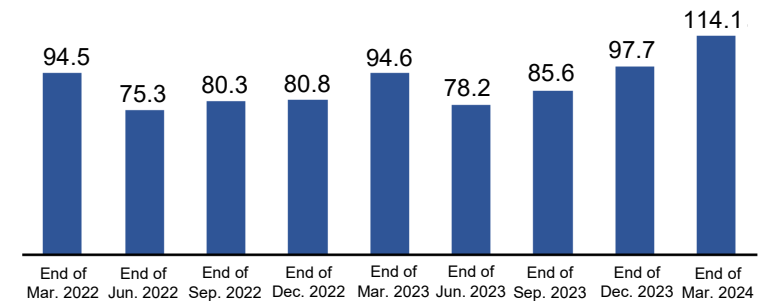
- Inventories decreased steadily at the end of the previous fiscal year.
- Shareholders' equity ratio improved by 7.9 points YOY to 33.3%

(Billion yen)	Mar. 2024	Mar. 2023	Variance
Current assets	239.7	230.2	+9.5
Fixed assets	183.7	160.2	+23.5
Assets	423.4	390.4	+33.0
Current liabilities	188.4	205.3	(16.9)
Fixed liabilities	93.7	85.9	+7.8
Liabilities	282.1	291.1	(9.0)
Shareholders' equity	141.2	99.1	+42.1
Others	0.1	0.2	(0.1)
Net assets	141.3	99.3	+42.0
Total liabilities and net assets	423.4	390.4	+33.0
Shareholders' equity ratio (%)	33.3	25.4	+7.9
D/E ratio (times)	0.8	1.2	(0.4)

Inventories / Turnover by days



Trade receivables



Cross-Shareholdings

	End of Mar. 2023	End of Mar. 2024
Number of stocks	74	65
Book value (Billion yen)	31.2	41.0

Reference:
Book value basis at
the end of Mar. 2023

End of Mar. 2024
65
29.6

- Operating cash flow turned positive due to improved profit.
- Repaid borrowings due to improved free cash flow.

(Billion yen)	FY2023 (Actual)	FY2022 (Actual)	Variance
I Cash flows from operating activities	24.7	(3.1)	+27.8
II Cash flows from investing activities	(14.3)	(17.6)	+3.3
Free cash flows (I + II)	10.4	(20.7)	+31.1
III Cash flows from financing activities	(15.7)	23.3	(39.0)
Cash and cash equivalents	34.4	37.5	(3.1)
Purchases of PP&E and intangible assets	17.0	16.5	+0.5
Depreciation	14.2	12.3	+1.9

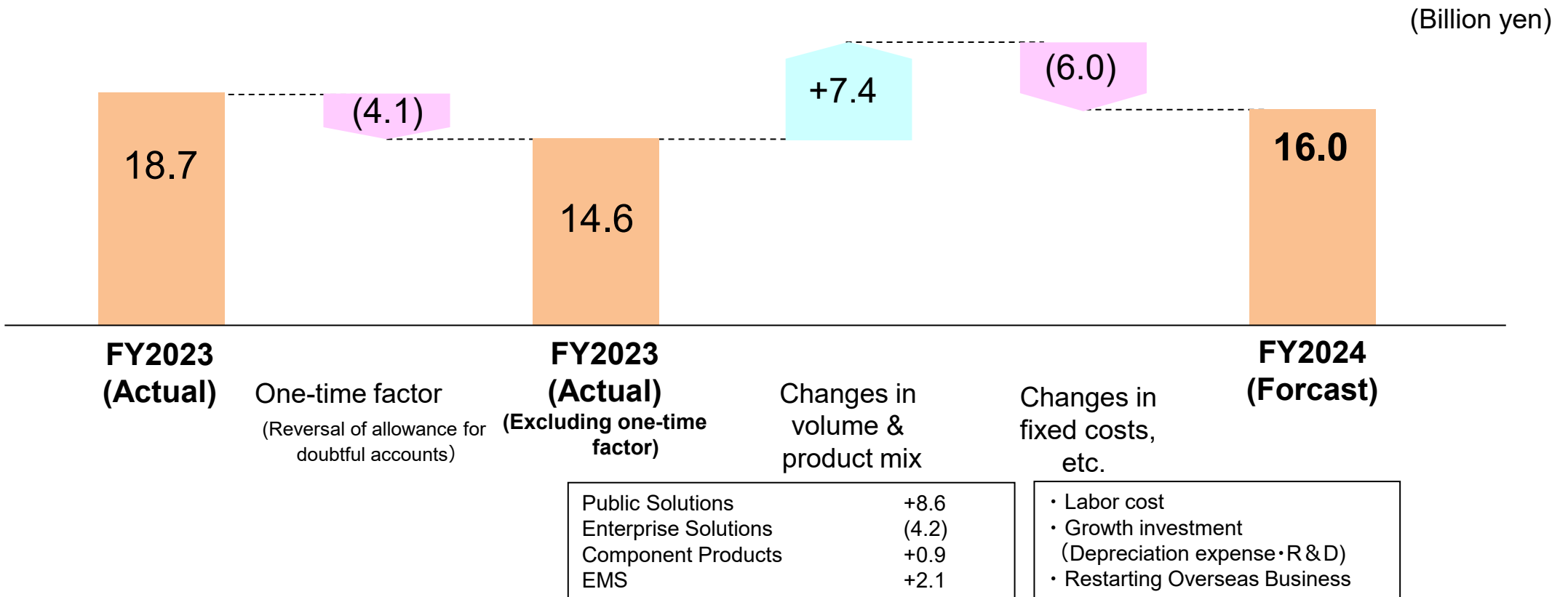
Financial Forecasts

(Billion yen)		FY2024 (Forecasts)	FY2023 (Actual)	Variance
Public Solutions	Net sales	135.0	94.0	+41.0
	Operating income	10.5	4.4	+6.1
Enterprise Solutions	Net sales	170.0	180.1	(10.1)
	Operating income	12.5	22.0	(9.5)
Component Products	Net sales	75.0	73.4	+1.6
	Operating income	1.5	0.6	+0.9
EMS	Net sales	80.0	73.9	+6.1
	Operating income	2.5	1.1	+1.4
Others	Net sales	0.0	0.4	(0.4)
	Operating income	(1.8)	(1.1)	(0.7)
Corporate & Eliminations	Operating income	(9.2)	(8.3)	(0.9)
Total	Net sales	460.0	421.9	+38.1
	Operating income	16.0	18.7	(2.7)
	Ordinary income	14.5	18.3	(3.8)
	Profit attributable to owners of parent	9.5	25.6	(16.1)
Dividend per share (yen)		30	30	±0

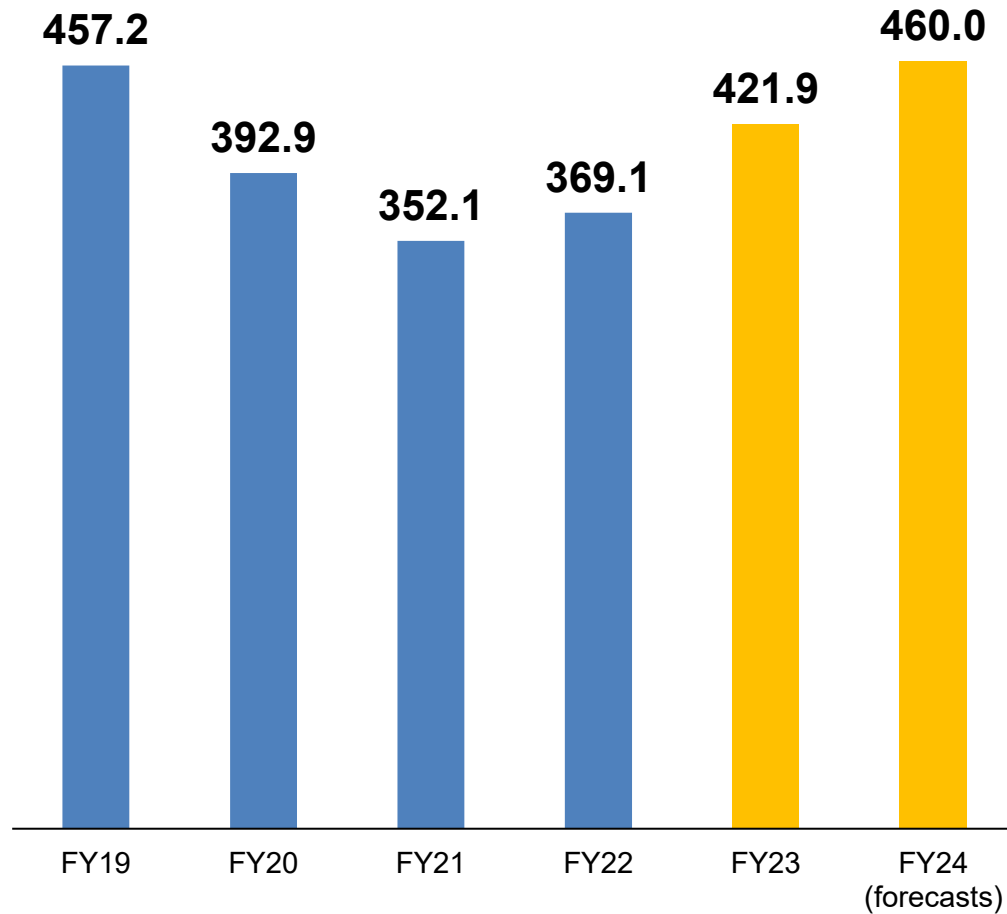
Exchange rate assumptions
USD : ¥140
EUR : ¥150

Reasons for Changes in Operating Income/Loss

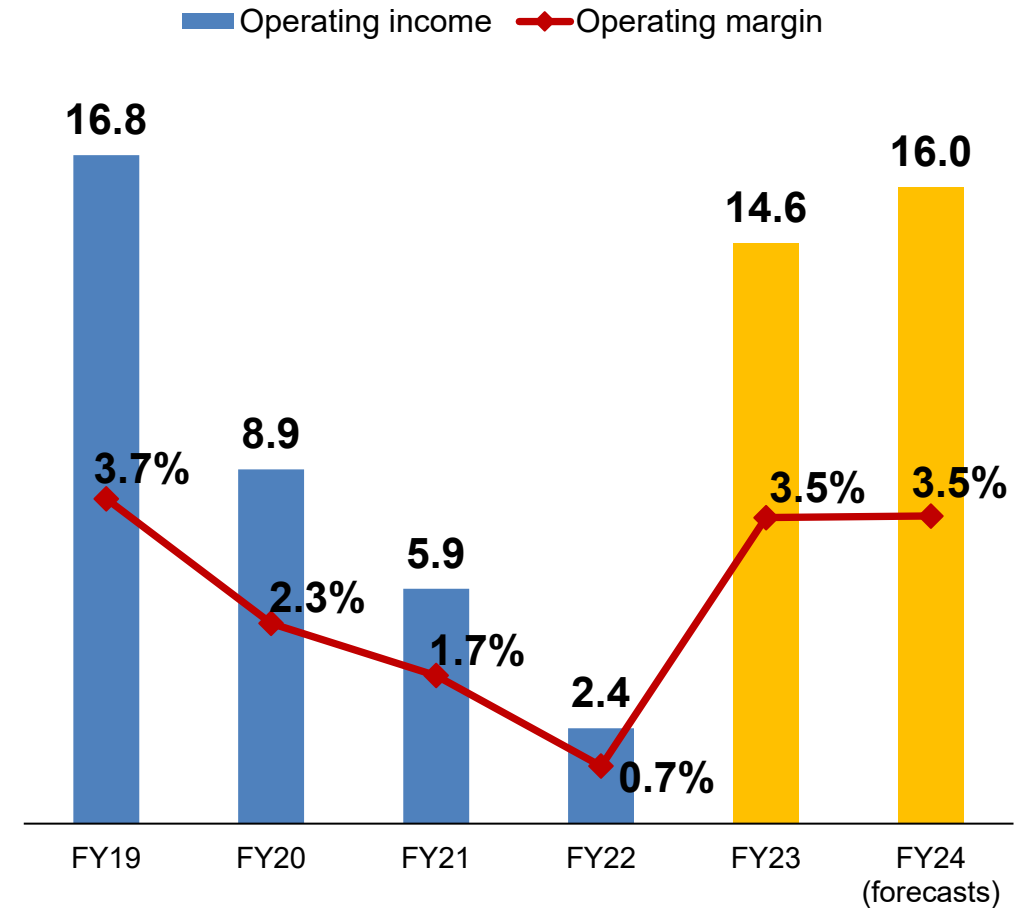
- Increase due to higher volume in Public Solutions.
- Investment in human resources and growth continued.



Net sales (Billion yen)



Operating income (Billion yen) / Operating margin



(※FY23 operating margin is based on the exclusion of One-time factor)

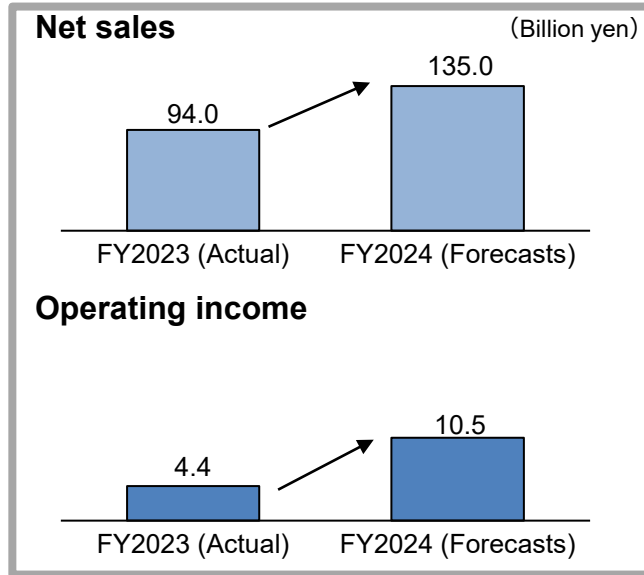
Growth Businesses	Public Solutions	Firefighting, disaster prevention, roads, and TOKKI secured projects steadily. Steadily responding to needs based on the policy of strengthening defense capabilities.
	EMS	Semiconductor market and FA/robot markets deteriorated. Following the market's recovery.
Stabilizing Businesses	Enterprise Solutions	Continue to ensure implementation of large projects. Transformation to a resilient management structure for the future.
	Component Products	European markets deteriorated more than expected. OEM expansion and rationalization of development/production system.
Creating Future Businesses	CFB	Promoted business expansion strategy for Crystal Film Bonding (CFB) business. Steady progress in a wide range of areas, including entry into the power device market.
	Restarting Overseas Business	Promotion of activities at global R&D sites.

(Reference) Quarterly Results

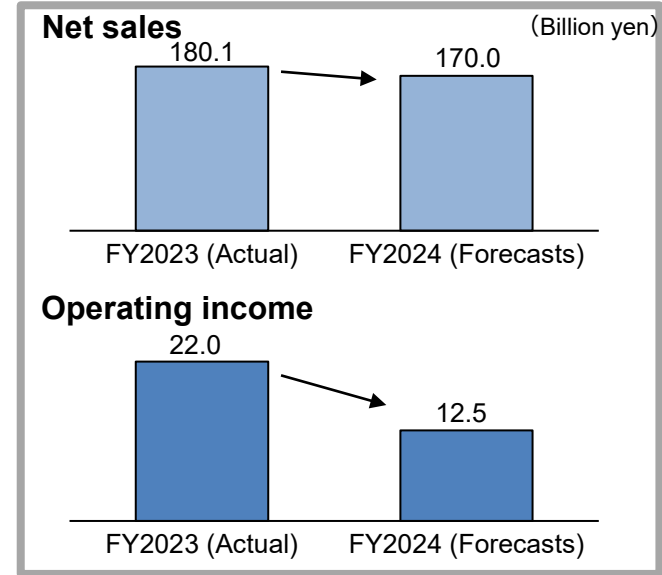
(Billion yen)		FY2022					FY2023				
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Public Solutions	Net sales	19.3	19.8	22.8	33.7	95.7	19.3	20.0	24.5	30.1	94.0
	Operating income	(0.3)	(0.3)	0.0	4.0	3.4	(0.1)	(0.7)	1.4	3.9	4.4
Enterprise Solutions	Net sales	23.3	24.5	29.7	35.4	112.9	27.4	36.5	51.5	64.7	180.1
	Operating income	(1.6)	(1.1)	0.1	4.1	1.5	1.9	2.0	6.6	11.4	22.0
Component Products	Net sales	19.2	21.8	21.4	22.3	84.6	17.0	17.9	18.5	20.0	73.4
	Operating income	(0.1)	1.6	(0.1)	0.2	1.6	(0.8)	1.3	(0.8)	0.9	0.6
EMS	Net sales	16.2	18.5	19.8	20.9	75.3	17.7	18.8	17.1	20.3	73.9
	Operating income	0.1	0.4	0.9	0.9	2.3	0.6	0.3	(0.1)	0.3	1.1
Others	Net sales	0.1	0.1	0.2	0.1	0.5	0.1	0.1	0.1	0.1	0.4
	Operating income	0.1	0.1	0.1	0.1	0.4	(0.1)	(0.3)	(0.3)	(0.4)	(1.1)
Corporate & Eliminations	Operating income	(1.2)	(1.7)	(1.8)	(2.2)	(6.8)	(1.4)	(1.5)	(2.2)	(3.2)	(8.3)
Total	Net sales	78.1	84.6	93.8	112.5	369.1	81.5	93.3	111.8	135.3	421.9
	Operating income	(3.0)	(1.0)	(0.8)	7.2	2.4	0.0	1.0	4.8	12.9	18.7

(Reference) Business Overview

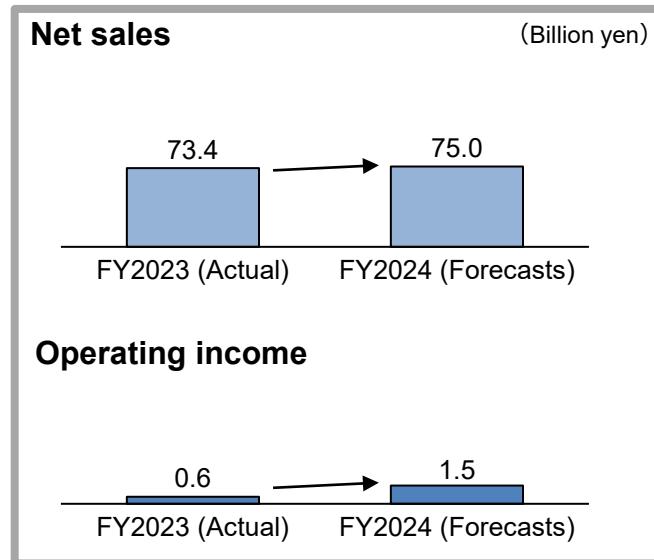
Public Solutions



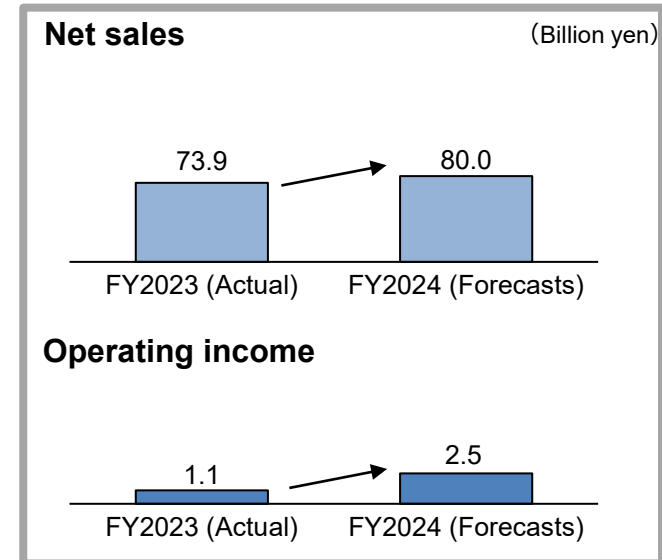
Enterprise Solutions



Component Products



EMS



(Reference) Investments and Cash Flows Forecasts

- We will continue to make necessary investments for sustainable growth.

Investments (Billion yen)	FY2024 (Forecasts)	FY2023 (Actual)	Variance
Capital Expenditure*	22.0	16.0	+6.0
Depreciation*	16.0	13.2	+ 2.8
R&D	13.0	12.5	+0.5

*Scope: property, plant, and equipment, and intangible assets.

Cash Flows (Billion yen)	FY2024 (Forecasts)	FY2023 (Actual)	Variance
I Cash flows from operating activities	28.0	24.7	+ 3.3
II Cash flows from investing activities	(19.0)	(14.3)	(4.7)
Free cash flows (I + II)	9.0	10.4	(1.4)

(Reference) Major Products and Services

Public Solutions	<ul style="list-style-type: none">• Roads (ETC, VICS), air traffic control, disaster prevention, firefighting• Business systems for central government offices, government statistics systems• Defense systems (underwater acoustics, information)• Aviation equipment• Infrastructure monitoring• Carrier networks, video distribution, 5G/local 5G
Enterprise Solutions	<ul style="list-style-type: none">• ATMs, cash handling equipment• Bank branch terminals, ticket reservations issuing terminals, check-in terminals• ATM monitoring/operation services• Bank branch systems, system to centralized back office operations• Railway ticket issuance systems, airport check-in systems• Manufacturing systems (ERP, IoT)• Construction and Maintenance Services
Component Products	<ul style="list-style-type: none">• AI edge computers, sensors, IoT networks• PBXs, business phones, contact centers• Cloud services• LED printers
EMS	<ul style="list-style-type: none">• Consigned designing and manufacturing services• Printed circuit boards

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- Indication method of amounts in hundred millions (yen) are as follow:
Amounts in each item are rounded to the nearest hundred million yen.
Variances are calculated in the hundred millions.